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United Nations Verification Mission in Guatemala

Report of the Secretary-General

1. This is the third report on the verification of compliance with the agreements signed by the Government of Guatemala and the Unidad Revolucionaria Nacional Guatemalteca (URNG), submitted pursuant to the mandate given to the United Nations Verification Mission in Guatemala (MINUGUA) by the General Assembly in resolution 51/198 B, of 27 March 1997. The General Assembly extended this mandate by its resolution 51/198 C of 31 July 1997. Subsequently, by its resolution 52/175 of 18 December 1997, the Assembly authorized the extension of the Mission's mandate until 31 December 1998 and requested me, as it had in its earlier resolutions, to keep it fully informed of the implementation of the resolution.

I. Introduction

2. The implementation of the commitments entered into by the Government and URNG is governed by the Agreement on the Implementation, Compliance and Verification Timetable for the Peace Agreements (A/51/796-S/1997/114, annex I), which divides the period 1997 to 2000 into three phases. This report covers the period from January to July 1998, that is to say, the first seven months of the third phase, which covers the period from 1998 to 2000. As was indicated in the previous report (A/52/757), the implementation of important commitments under the second phase had to be postponed; they include the commitments concerning compensation for victims of human rights violations, reform and strengthening of the system of urban and rural development councils, establishment of an agrarian and environmental jurisdiction, reform of intelligence bodies, establishment of a career civil service and redeployment of the armed forces.

3. The Commission to Follow up the Implementation of the Peace Agreements, which is the body authorized to schedule and reschedule the commitments, is preparing a revised schedule for the remainder of 1998 and for 1999 in consultation with the State institutions and the organizations directly involved in the implementation of the Peace Agreements. This exercise includes rescheduling the commitments contained in the Timetable Agreement, scheduling those which were not set forth in that Agreement and scheduling implementation of the recommendations emanating from the Commission for the Official Recognition of Indigenous Languages, the Joint Commission on Educational Reform and the Commission on the Strengthening of the Justice System. This effort is consistent with the implementation strategy for the Agreements, which is guided, *inter alia*, by the need "to stagger implementation of the fundamental components of the Agreements, thereby seeking to avoid dissipating governmental and non-

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governmental implementation efforts" and "to set timetables for those actions that depend on the consensus-building mechanisms provided for in the Agreements, taking into account their outcome (see A/51/796-S/1997/114, para. 3). In this context, attention is drawn to the effort made by the commissions responsible for the resettlement of uprooted population groups and for the integration of URNG and by the working group of the Coordinating Office of Organizations of the Maya People of Guatemala (COPMAGUA) and the Peace Secretariat (SEPAZ) to reach a consensus on rescheduling for the Agreement on Identity and Rights of Indigenous Peoples (A/49/882-S/1995/256, annex).

4. In accordance with the functions accorded by the Peace Agreements to international verification, this report not only presents the results of the verification conducted by MINUGUA but also contains recommendations for avoiding or rectifying any instance of non-compliance.

II. Verification of compliance with the commitments assumed in the Peace Agreements

A. Comprehensive Agreement on Human Rights

5. The Comprehensive Agreement on Human Rights (A/48/928-S/1994/448, annex), established the commitment to strengthen the Office of the Counsel for Human Rights, the institution constitutionally entrusted with ensuring the effective enjoyment of those rights. Although human rights violations have decreased, there is still a need for a national institution to monitor the performance of the administration and to promote new relations between the State and citizens. In its eighth report on human rights, MINUGUA indicated that one of the main obstacles to the strengthening of the institution had to do with the limitations on its sustainability and on the broadening of the scope of its activities, owing to the inadequate budgetary allocations for 1998 (A/52/757, para. 6 and A/52/946, para. 62). Some projects designed to improve investigative capacity have been funded through international assistance, but that will be possible, in future, only to the extent that there is adequate counterpart funding for the Office's regular budget to ensure its sustainability. In the face of that situation, the executive and legislative branches are urged to endorse the Counsel's budget proposal for 1999.

6. For its part, MINUGUA initiated a pilot joint verification programme with several of its regional offices and the sub-offices of the Office of the Counsel, the aim being to pass on the experience acquired by the Mission in the area of human rights verification to the staff of that Office.

7. The Agreement also affirms the need for a programme of compensation and/or assistance to victims of human rights violations which, together with the work of the Clarification Commission, should help to heal the wounds caused by the armed conflict and to promote national reconciliation. Since this commitment was not implemented in the previous phase of the Timetable, the previous report recommended that it should be rescheduled so as to be able to take into account the Clarification Commission's recommendations on compensation (see A/52/757, para. 5). However, the postponement of the publication of the Commission's report has prompted fears that the launching of a programme of assistance to victims may be delayed until after 1999 (see para. 16). The issue of compensation has awakened legitimate expectations on the part of the population and it is of the utmost importance that the bases for the programme be established while the present Government is in power. For that reason, it is recommended that projects be initiated right away, without waiting for the outcome of ongoing discussions on the details of the compensation, to assist the villages and areas which were most directly hurt by the armed conflict and for which such assistance would be not only moral compensation for the very great suffering endured but also a much-needed socio-economic contribution.

B. Agreement on Resettlement of the Population Groups Uprooted by the Armed Conflict

Refugees

8. This Agreement (A/48/954-S/1994/751, annex I) contains the commitment to speed up the return of the refugees in Mexico. An agreement to that effect was signed in September 1997 (see A/52/757, para. 7). In January 1998, the return of 15 groups of refugees was scheduled for the period from January to June; subsequently, the number was adjusted to no more than 12 groups to be resettled on an equal number of properties. To date, seven groups have been resettled – one of them partly – making a total of 1,320 people belonging to 346 families. The return process is moving slowly, due, *inter alia*, to difficulties in negotiations over properties, the presence of intermediaries who distort

the price, over-valuation by the owners, the Government's determination to negotiate lower prices and the lack of alternatives for acquiring other land. Another factor to be taken into account is that there have been significantly fewer returnees than the representatives of returnee organizations had expected.

9. On 30 June 1998, the deadline for the granting of credit from a revolving fund – one of the most important elements of the credit regulations in the agreement for the return of refugees signed on 8 October 1992 – expired. This means that as from July, resettlement will have to be funded from the Land Trust Fund, within the framework of the agreement between that Fund and the Technical Commission for the Implementation of the Resettlement Agreement (CTEAR), which provides a smaller benefit. It is important that the Fund's policy should take into account the special status that the Agreements give to the uprooted population because of their particular vulnerability. It is encouraging that the bill concerning the Land Trust Fund, which was drafted by the Joint Commission on Land Rights and reviewed by the Follow-up Commission, stipulates that, during the next 10 years, priority will be given to the uprooted population, with particular emphasis on families headed by a widow or a single mother.

Internally displaced persons

10. With regard to the resettlement of internally displaced persons organized into communities, the first transfer of the Comunidades de Población en Resistencia (CPR) de la Sierra went to the Tesoro estate and the second resettlement took place on the southern coast. More than half these communities are still awaiting transfer. The resettlement of the Petén CPR on a property in the same department will begin in August 1998. As regards the Ixcán CPR, the population has yet to come up with a property that satisfies the requirements of the Land Trust Fund. In the cases of the Petén and la Sierra CPRs, MINUGUA has verified that there are basic infrastructure problems, such as a lack of drinking water, sanitation and emergency food supplies. In this connection, attention is drawn to the importance of speeding up the provision of infrastructure and minimum services so as to ensure that uprooted population groups are resettled in conditions of dignity and sustainability.

11. For their part, internally displaced persons settled in rural areas submitted 10 requests for credit to the Land Trust Fund and a commission was established to conduct the negotiations. As for those settled in urban areas, there is now a possibility of negotiating directly with the Guatemalan Housing Fund, which has not, as yet, taken into consideration the fact that the Peace Agreements accorded this population special status.

12. Although the productive integration of the uprooted population cannot be dissociated from the implementation of a comprehensive rural development strategy, the Mission reiterates that there is an urgent need for concrete, specific measures to alleviate the situation of uprooted population groups (see A/52/757, para. 12). Two examples of such measures are the signing of a resettlement, reintegration and basic infrastructure project for uprooted population groups financed by the Governments of Denmark, Japan and Sweden and a project for such groups administered by the United Nations Development Programme (UNDP), approved by CTEAR and implemented by the National Peace Fund. Attention is also drawn to the signing of a framework agreement on joint cooperation and technical assistance in the negotiation of credits for the purchase of land and production for population groups uprooted by the armed conflict, which is being financed by the Trust Fund.

13. Notwithstanding the above, it is disquieting that, at the time of drafting this report only two forestry and agro-forestry development projects were being implemented by CTEAR in five communities, in addition to eight which the European Union was carrying out on its own. It is important that CTEAR should foster conditions for the approval and financing of other projects and that it should identify all areas of the country containing resettlement areas, where development activities would also benefit uprooted population groups. Government representatives on CTEAR have, for their part, suggested that productive integration should be carried out by means of micro-regional processes, a long-term plan not envisaged in the Agreement.

14. The commitment to certifying the educational qualifications of the uprooted population and educational outreach workers was rescheduled for the second quarter of 1998. CTEAR conducted studies on the basis of the plan prepared by the subcommission on education with the support of the United Nations Educational, Scientific and Cultural Organization. This plan calls for the preparation of projects elaborated and endorsed by the subcommission. However, there is as yet no funding for its implementation, and funding will therefore have to be sought from international cooperation agencies and the Follow-up Commission will have to work out a new schedule.

15. With regard to personal documentation for the uprooted population, the Act on the Personal Documentation of the Population Uprooted by the Internal Armed Conflict, which entered into force in October 1997, facilitates the registration of births, marriages and deaths for members of

uprooted population groups and demobilized members of URNG and requires the Ministry of the Interior to prepare regulations for its implementation. Such regulations have yet to be prepared and some registrars are therefore refusing to comply with the Act. The Office of the United Nations High Commissioner for Refugees (UNHCR) and MINUGUA have endeavoured to train registrars and to prepare guidelines. At the same time, the documentation campaign being conducted by UNHCR, CTEAR, MINUGUA and other organizations is still going on in 21 municipalities. In February 1998, the European Union launched a campaign with similar objectives, namely, to support registration activities and facilitate personal documentation. The regulations must be issued as a matter of urgency and the Government must make a special effort to provide personal documentation for these population groups, and indeed for all people lacking such documentation, before the forthcoming elections.

C. Agreement on the Establishment of the Commission to Clarify Past Human Rights Violations and Acts of Violence that have Caused the Guatemalan Population to Suffer

16. On 31 July 1998, the Clarification Commission concluded its substantive activities (see A/48/954-S/1994/751, annex II). Because a large number of people were interested in giving information, the Commission kept its field offices open to receive testimony from individuals until 15 April and succeeded in collecting some 8,000 statements. Between April and July, from its main headquarters in the capital city, it pursued its investigation in greater depth, processing and analysing the information it had collected. Given the time needed to draft, translate and produce the final report, it has set January 1999 as the date for the delivery of its report, and the Follow-up Commission has agreed.

17. The financial contributions received by the Commission have been sufficient to enable it to carry out its work. As of 31 July 1998, the Commission had received contributions from the Governments of Austria, Belgium, Canada, Denmark, Germany, Guatemala, Italy, the Netherlands, Norway, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America and also from the Soros and Ford Foundations.

D. Agreement on Identity and Rights of Indigenous Peoples

18. In the Timetable Agreement, priority was given to the establishment of joint commissions, composed of representatives of the Government and representatives of indigenous organizations, and other specific commissions charged with preparing substantive reforms in such areas as education, official recognition of languages, preservation of holy places and the land issue, as outlined in the Agreement (see A/49/882-S/1995/256, annex). The work of these commissions has begun to bear fruit, with the submission, in recent months, of the initial report of the Joint Commission on Land Rights and the final reports of the Commission for the Official Recognition of Indigenous Languages and the Commission on Educational Reform.

Commission for the Official Recognition of Indigenous Languages

19. The proposal submitted by the Commission on 23 March 1998 seeks to reconcile the great diversity of indigenous languages in use in Guatemala with the traditional limitations of public administration. The strategy devised proposes a gradual, differentiated approach to official recognition, combining: (a) a process of linguistic standardization and rescue of at-risk languages; (b) a process of encouraging bilingualism and multilingualism for all citizens, particularly public servants; and (c) prioritization of bilingual public services (if necessary by providing interpreters), in key areas such as education, health, justice, elections, the media and municipal services.

20. On the language issue, it is worth drawing attention to the efforts made by SEPAZ to draw up a list of bilingual professionals, and the decision of the Public Prosecutor's Office and the judiciary to start appointing court interpreters for oral proceedings in criminal cases. In addition, there is a cross-institutional commitment, involving the Public Prosecutor's Office, the judiciary, the Public Defender's Office, Rafael Landívar University, the Academy of Mayan Languages, COPMAGUA and the Decenio Maya organization, as well as the MINUGUA justice and multiculturalism project, to promote the establishment of a public interpreters service. Lastly, attention should be drawn to the Maya education project (EDUMAYA) of Rafael Landívar University, which provides scholarships for indigenous students, intercultural and bilingual education and legal translators and is financed by the United States Agency for International Development (USAID) and endorsed by the Ministry of Education.

21. These efforts notwithstanding, it is important that all the executing agencies identified by the Official Recognition Commission should have a say in the preparation of any plan which is designed for the purpose of implementing the official recognition strategy. It is vital that the great effort being made within these commissions to redefine public policies on the basis of multiculturalism should be taken fully into account and should constitute a frame of reference for the initiatives being undertaken in this area. This frame of reference is important also for the efforts of international cooperation for, if the latter's efforts are too dispersed, this will create difficulties for national organizations and institutions.

Joint Commission on Educational Reform

22. On 20 July 1998, the Commission completed its work and submitted its proposal. Members succeeded in overcoming their differences and in formulating a proposal for an education system which would be a vehicle for transforming Guatemalan society, and the Guatemalan State, into one of "unity within diversity". The policies and strategies outlined in the proposed reform include: (a) decentralization and social and ethnic participation; (b) increased investment in education to promote efficiency and academic excellence; (c) organization of educational services based on linguistic and cultural situations and needs; and (d) strengthening of comprehensive training for democracy, the culture of peace and sustainable development. Pursuant to the Peace Agreements, the proposal was transmitted to the Advisory Commission on Educational Reform, made up of representatives of the Ministry of Education and of the social organizations involved in the educational process, which will see to its implementation.

Joint Commission on Rights relating to Indigenous Peoples' Land

23. Given the breadth and complexity of this issue, the Commission's mandate is renewable annually and the Commission is required to issue progress reports. On 15 July, it issued its preliminary bill on the Land Trust Fund, which was reviewed by the Follow-up Commission. The preliminary bill establishes procedures to facilitate access to land ownership for peasants who do not own any land or sufficient land and to promote rural development. The Commission is continuing with its agenda, which includes consideration of the preliminary bill on the land registry and land survey.

Commission on Holy Places

24. The Commission is having difficulty completing its work. The Agreements establish the principle that temples and ceremonial centres of archaeological value are part of the national heritage and call for a structuring of State entities responsible for their administration in order to ensure the participation of indigenous organizations, whereas the indigenous representatives on the Commission consider that such places should be administered exclusively by indigenous people and propose that an autonomous agency be set up for that purpose. This difference poses a question of substance that is at the heart of many of the discussions on the issue of multiculturalism, namely, to what extent does respect for and promotion of the rights of indigenous people entail the creation of purely indigenous organizations, or the inclusion of an equitable number of indigenous representatives in existing organizations so as to make them multicultural? It is not easy to solve this dilemma, and still less so when one is dealing with matters as deeply linked with cultural and spiritual identity as holy places and ceremonial centres. This Commission has the difficult mandate of guiding the consultations between indigenous organizations and the State through a very sensitive area, where mistrust can easily gain a footing. Its members should therefore be encouraged and supported in their attempt to overcome these difficulties.

Joint Commission on Reform and Participation

25. This Commission, whose mandate is to take a comprehensive look at the issue of the multicultural State and the reforms that this involves, has encountered problems in initiating a fruitful negotiation process. It took six months to establish its rules of procedure and, in May, in view of its failure to make any progress, COPMAGUA asked it to suspend its work in order to conduct an evaluation. At the end of the period covered by this report, the Commission again took up its work. Despite the complexity of other matters before it, this body must make progress on substantive issues such as reform of the Municipal Code and of the Urban and Rural Development Council Act, where its contribution is both necessary and urgent. In addition to the constitutional reforms and the consultations taking place in the joint commissions, the presence of more indigenous people in government service will be crucial for further transforming the relationship between the State and society and for giving credibility to efforts to achieve a multi-ethnic, multicultural and multilingual State. Accordingly, it would be a very positive step for the Government to take action, before the Commission completes its work, to promote

greater access by indigenous people to government service, as provided for in the Agreement.

Other aspects of the Agreement on Identity and Rights of Indigenous Peoples

26. As for the implementation of the Agreement as a whole, SEPAZ and COPMAGUA have created a significant window of opportunity for dialogue with the participation of MINUGUA. Topics such as the preparation of a document that would identify and prioritize unscheduled commitments, to be presented to the Follow-up Commission, are being discussed. The need to establish a permanent body to follow up the implementation of long-term commitments was also identified. The positive experience of the dialogue between the Government and COPMAGUA confirms the need to increase the opportunities for dialogue between the State and indigenous peoples. These dialogues are crucial to overcoming mistrust and to creating a shared vision of Guatemala's future.

27. The COPMAGUA Permanent National Commission on Indigenous Women's Rights continued its consultations with national institutions on the establishment of the Office for the Defence of Indigenous Women's Rights. The failure to reach the consensus needed to define and set up this important body has hampered the fulfilment of this commitment. The Office of the Counsel for Human Rights, the Office of the United Nations High Commissioner for Human Rights and the Maya Foundation have elaborated a project to include the Office for the Defence of Indigenous Women's Rights within the Office of the Counsel for Human Rights. Consultations are now being held with indigenous organizations to incorporate their proposals into this project.

28. In its previous report, the Mission noted the difficulties encountered in gaining access to radio frequencies for indigenous cultural projects, as provided for in the Agreement, through the public auction mechanism established by the General Telecommunications Act (Decree No. 94-96). The talks held between the Office of the Superintendent of Communications, SEPAZ and COPMAGUA showed that the commitment to grant radio frequencies to indigenous cultural projects cannot, in fact, be fulfilled unless the Government acquires these frequencies or the Decree is amended. This illustrates the difficulty of making the market mechanism that governs the assignment of frequencies compatible with effective protection and promotion of indigenous cultures. The fact that public auctions are still being held makes it urgent to take the necessary steps to correct this situation and meet the aforementioned commitment (see A/53/757, para. 21).

E. Agreement on Social and Economic Aspects and the Agrarian Situation

Macroeconomic situation

29. Guatemala's economic and financial performance in 1997 was better than that of 1996; real production of goods and services increased by 4.3 per cent, a figure slightly higher than the 4.2 per cent provided for in the Peace Agreements; inflation stood at 7.1 per cent and the external sector's position improved. This favourable trend continued in the first half of 1998, and the economic authorities hope to reach the projected 1998 targets of between 4.5 and 5 per cent for growth and between 6 and 8 per cent for inflation.

30. These economic results facilitate compliance with the letter and spirit of the Peace Agreements and the implementation of distributive policies that favour greater social equity. In this context, fiscal policy and, in particular, public investment policy have become especially important, since they constitute one of the main tools for promoting a fairer distribution of the benefits of economic growth and making development and democratization efforts sustainable in the medium and long term. Three basic requirements for reaching these objectives are: (a) consolidation of domestic resource mobilization; (b) acceleration of State modernization; and (c) lowering of the levels of under-execution, a factor which is associated with the lack of staff trained in project management, the delay in disbursements and the persistence of centralist, bureaucratic practices.

31. An increase in public investment is not only possible but necessary. It will be recalled that Guatemala has in the past registered positive economic growth rates, without this having brought about either a substantive improvement in social and economic conditions or adequate institution-building. It is to correct this distortion that the Agreement provides that "in the quest for growth, economic policy should be aimed at preventing processes of socio-economic exclusion, such as unemployment and impoverishment, and maximizing the benefits of economic growth for all Guatemalans" (A/50/956, annex, para. 14).

Fiscal policy

32. The taxation target was met in 1997, with a net tax burden of 8.8 per cent. (In accordance with the norms established by United Nations agencies specializing in this area, the Mission presents the fiscal results in net terms.) During the period under review, tax receipts showed a slightly better performance than had been forecast by the Ministry of Finance, and this trend is expected to continue for the rest of the year. These results, however, will be

insufficient to meet the intermediate indicative tax burden target of 10.4 per cent set for 1998. According to projections by the Mission and international financial agencies, the net tax burden by the end of the year will be below 9.5 per cent.

33. A further concern is the decline in tax revenues forecast for 1999, owing to the repeal of the Act on a Single Property Tax, tariff reductions, the ending of the commercial and agricultural enterprise tax, which is expected to occur in mid-1999, and the planned cut in income tax rates. This drop in revenues may be worsened by the amendments to the laws on free zones, value-added tax and income tax adopted in 1997 and 1998, which together have eroded the tax base. Unless additional fiscal steps are taken, the tax burden will drop significantly beginning in 1999, and will be around 9 per cent – much lower than the 12 per cent set in the Agreements – by the year 2000.

34. This situation illustrates the great difficulties being faced in mobilizing domestic public resources. There is a fairly broad national and international consensus that the fiscal measures taken will not ensure the sustainability of the process of domestic resource mobilization in the medium term, nor will they make it possible to correct the expansion-contraction cycle of fiscal revenues historically seen in Guatemala.

35. Aware of the importance of fiscal policy, the Government and the Follow-up Commission agreed in May 1998 to include it as one of the Government's priority objectives. However, the results to date are not convincing. According to a document recently issued by the Ministry of Finance, the Government hopes to reach the taxation target of 12 per cent by 2002, by passing a new single property tax act, extending the commercial and agricultural enterprise tax and operating the Tax Administration Superintendency. Evaluations have shown that this proposal is insufficient to meet the taxation target within the scheduled time period and to prevent a temporary drop in tax receipts.

36. The formulation and implementation of a practical, realistic and technically consistent fiscal proposal is an essential precondition if the Follow-up Commission is to take a decision on the Government's request to reschedule compliance with the taxation target to the year 2002. The flexibility shown by URNG in the face of the political and institutional problems raised by the tax issue is a positive development. This goodwill is another reason for the authorities to spare no effort in mobilizing more financial resources to respond fully to the interests of the population as a whole. Another positive development is the attitude of the Follow-up Commission, which made its contribution to the quest for technically consistent and politically feasible formulas for complying with the taxation commitments. The Government is urged to implement a fiscal proposal which includes concrete tax and non-tax measures to make it possible to meet the taxation target at least by 2002. Otherwise, it will have seriously failed to comply with the Peace Agreements and to take advantage of this historic opportunity to correct a profound distortion in Guatemala's socio-economic policy.

37. As for expenditure, in 1997 and the first half of 1998 progress was made in the amount of social spending and in its geographical distribution. As a result, there was an increase in the coverage of basic social services and an improvement in regional and local economic and social infrastructure. The rise in social spending has encouraged public investment, which increased in 1997 to a level equivalent to 4 per cent of gross domestic product (GDP), which in turn had a positive multiplier effect on other economic activities and on total employment. Again, an increase in tax revenues will be required in order to sustain this positive development.

State reform and social participation

38. In the period under review, progress has been made on modernizing the State. The process of deconcentration and decentralization of government services, especially in the education and health sectors, has been intensified; the institutional restructuring of some ministries has continued; and notable progress has been made in modernizing government management through the introduction of the Integrated Financial Administration and Monitoring System. These advances have led to better implementation of government policies, particularly social policy, a more rational use of public resources and a strengthening of anti-corruption mechanisms.

39. Meanwhile, there has been a real increase in the participation of the general public and organized civil society in implementing social policies, in particular in the fields of education, health and rural development. With national resources and the help of international cooperation agencies, progress has also been made in strengthening the development councils and the municipal and departmental technical units, thereby improving the response capacity of these bodies. At the same time, it should be noted that, after a prolonged deadlock, a consensus was recently reached between the National Association of Municipalities and the Institute for Municipal Development on promoting the national municipal training programme provided for in the Peace Agreements.

40. Despite these efforts, a significant weakness persists in the State's institutional framework with regard to the functions assigned to it by the Peace Agreements in the socio-economic and agricultural spheres. Moreover, the State still maintains only a limited presence at the regional level, and the problems of under-execution of public investment persist. This situation, compounded by the fact that the decentralization and deconcentration process is still in the early stages and is unevenly applied in the various regions of the country, limits effective public participation in the definition and implementation of government policies and in the promotion of more efficient use of State resources. Accordingly, the Government is urged to intensify its efforts to modernize the State, increase its presence throughout the national territory, especially in the most isolated and poorest regions, and endeavour to strengthen the State, both institutionally and financially. Moreover, in order to raise the quality of public sector human resources, a new civil service act needs to be adopted and enforced, pursuant to the Peace Agreements. Finally, to improve the information, follow-up and evaluation systems relating to public investment policy, all social funds should be included in the Integrated Financial Administration and Monitoring System.

41. The development councils should move forward from the phase of participation in the definition and implementation of isolated projects to a phase in which citizens' participation in the formulation of public policies, development plans and territorial management is strengthened. To do this, authority must be devolved to other government levels in order to coordinate national development.

42. To achieve these objectives, the reform of the legal framework must be completed. This will make it possible to define clearly the powers and duties of the public administration and the development activities to be carried out at the different levels and in the various parts of the country. This would also promote social participation in the context of municipal autonomy and strengthen the devolution of authority to municipal governments, as set out in the Agreements. Two legislative reform proposals to achieve these ends are currently being formulated: one amending the Municipal Code and the other amending the Development Councils Act. Unfortunately, operational problems in the Joint Commission on Reform and Participation delayed the input of indigenous organizations to this effort. All the actors concerned are urged to make an exceptional effort to enable the Congress to adopt these instruments in 1998.

43. To strengthen social participation, it is also deemed useful to: (a) promote the full integration of the social actors covered under current law into the departmental development councils, according to established procedures; (b) review the mechanism for appointing the managers of departmental development councils to ensure that it is consistent with the provisions of the Agreements concerning the future appointment of the governor; (c) continue to set up and reinforce the municipal technical units; (d) provide funding for the national municipal training programme and for training projects sponsored by social organizations to increase their level of participation and technical capacity; and (e) allocate more funds for the operation of the development councils.

44. An important tool for building consensus on development policy, established by the Constitution of Guatemala, is the National Urban and Rural Development Council. Although the law that will govern the council system is still under discussion, it is suggested that the convening of the National Council might provide an excellent opportunity for multisectoral study and consensus on many of the country's social and economic problems.

Participation of women

45. Under the Peace Agreements, the women's issue is recognized as one for priority attention in the Government's anti-poverty policy, since women suffer from the highest rates of poverty, exclusion and discrimination at all levels. Meanwhile, the measures introduced by ministries and State bodies are being implemented through dispersed plans and programmes, a practice which limits their sustainability and their impact on efforts to reduce inequity. To remedy this situation, the Social Welfare Secretariat in the Office of the First Lady, in coordination with the National Office for Women's Affairs and a consultative committee made up of women's organizations, has prepared the National Policy for the Promotion and Development of Guatemalan Women and the Equal Opportunities Plan, 1997–2001, which is a global strategy proposal with national coverage. This proposal was referred to the Planning Secretariat to be converted into specific measures and then approved by the Government. It is an innovative, positive effort to comply with the commitments of the Peace Agreements with regard to women, and its implementation will be closely monitored by the Mission.

46. The progress made by the Women's Forum has helped it to become an intercultural forum for Guatemalan women; its objective is to influence public policies on comprehensive development and to monitor compliance with the commitments of the Peace Agreements. This body, in which both organized civil society and the Government participate,

represents a step forward in improving the status and position of Guatemalan women.

47. Consequently, it is deemed necessary to establish a linkage between the Women's Forum and the implementation of the National Policy for the Promotion and Development of Guatemalan Women and the Equal Opportunities Plan, 1997–2001, two initiatives that have developed independently up to now. It is also important to institutionalize the advances already achieved. To support these efforts, international cooperation must be better coordinated.

Agrarian situation and rural development

48. As noted above, one of the most original features of the Peace Agreements is the idea that the effort to combat social and economic exclusion is an integral part of the consolidation of a lasting peace. According to this view, rural development is a key factor. The formulation and full application of a comprehensive rural development policy is necessary in order to: (a) define and implement the various government policies; (b) formulate and execute programmes and projects sponsored by the international community; and (c) promote more investment by the private sector so as to increase the quantity and quality of rural jobs. This policy is essential to the appropriate transformation of the agricultural sector, which should in turn be compatible with a rural anti-poverty strategy. The Agreements provide for a comprehensive strategy which will strengthen all actors involved in the Guatemalan agricultural sector, improve access to land, credit and other productive opportunities, develop material, technological and financial infrastructure, formulate and implement a new legal framework and provide labour and environmental protection.

49. On the basis of the finding that previous rural policies had ceased to be effective, the Ministry of Agriculture introduced a transition process which covers the redefinition of rural development policy and of the State institutional framework in the agricultural sector, including the role of the Ministry itself. The Mission places a high value on the efforts made to include in this new rural policy such aspects as: (a) increasing participation in the formulation of rural policies through the expanded National Agricultural Development Council and the formation of sustainable development agent networks (RADEAS) at the departmental level; (b) working together with peasant and indigenous organizations to draft bills which respond to the mandate of the Peace Agreements, such as the Land Trust Fund bill and the land survey and registry bill; and (c) the Ministry's willingness to discuss incorporating into its policy the fundamental philosophy and strategies of the Peace Agreements.

50. Although the Mission commends the process of rural policy reformulation, it should be pointed out that, because of the restructuring of the Ministry of Agriculture, there has been a drastic decline in the institutional presence of the Ministry in some regions. This is creating a dangerous institutional vacuum, since the new bodies are still weak and in some places do not even exist, and has caused a disturbing decline in the services provided to farmers.

51. Previous reports noted the setting up of the Institutional Commission for the Development and Strengthening of Land Ownership, which coordinates the institutions directly involved in agricultural issues. However, it should be mentioned that the Ministry's power to design and implement a rural development strategy that will mobilize all institutions in this sector is not clearly defined and that the national resources allocated to production initiatives in rural areas are inadequate. Participation mechanisms are being applied at the regional level, but they tend to adopt a development approach which is based on the funding of specific projects, and RADEAS see themselves more as fund managers than as part of a participatory process of development planning.

52. Non-governmental organizations have increased their participation. The Second National Peasant Congress, organized by the National Coordinating Office of Peasant Organizations, was held recently, bringing together over 400 representatives from nearly 70 organizations throughout the country. The resolutions of the Congress reflect the spirit of the Peace Agreements and promote their application. The convergence of agendas between the Ministry and peasant organizations concerning the implementation of the rural development strategy advocated by the Peace Agreements is an encouraging development which deserves support. Mention should also be made of the launching of a permanent forum for dialogue between the Coordinating Office and the Chamber of Agriculture, with a view to overcoming land disputes within a consultative framework.

53. To consolidate the progress made in implementing the Agreements in the rural and agricultural spheres and to ensure that peasants have access to land, credit and other productive resources, as well as to formulate and implement a substantive policy of agricultural and non-agricultural employment and income generation in rural areas, the following action is recommended: (a) move ahead with the formulation and implementation, by the State as a whole, of a comprehensive rural development policy consisting of specific actions targeted at the impoverished peasant

population and defining institutional spheres of competence and the responsibilities of the lead agency; (b) strengthen the participation of the various social actors in the organs set up to manage the sector; (c) adopt the Land Trust Fund bill as soon as possible, providing the Fund with sufficient financial resources to enable it to give the greatest possible number of poor peasants access to land and to perform its functions of regularizing land ownership and awarding land title; (d) draft the land registry and agrarian and environmental jurisdiction bills as quickly as possible, on a consensus basis; (e) assign adequate funds from the national budget to the Presidential Unit for Legal Assistance and Dispute Settlement in Land Matters; (f) ensure that RADEAS are linked in with the system of development councils; (g) involve the international community in efforts to combat rural poverty; and (h) speed up the formulation and implementation of the package of natural resource conservation policies and measures and assign it sufficient financial resources.

Social development

54. Generally speaking, 1998 has seen an improvement in some aspects of the implementation of Government policies in the social sphere, as a result of the allocation of increased resources, progress in the decentralization process, devolution and participation in public management and the institutional restructuring of the social ministries.

55. In education, the National Programme for Educational Self-Management (PRONADE) managed to increase primary education coverage and attained 60 per cent of the target set for the year 2000 in the Peace Agreements. To do so, it funded educational activities in areas not covered by education services and also created participation forums, such as the parents' committees provided for in the Peace Agreements. However, the PRONADE programme contains little in the way of bilingual and intercultural education, even though it mainly covers areas with a rural indigenous population. The Department of Bilingual Education (DIGEBI) functions in parallel with PRONADE but covers only 15 per cent of the country's schools, of which barely 5 per cent offer a full cycle of primary or secondary education. The Mission believes that this programme should be given higher priority, in that it receives little funding from the national budget, has few bilingual teachers and its implementation is largely dependent on international aid. The civic education programme for the 1998 school year has been delayed because the funds allocated from the national budget are inadequate. In the area of adult education, the work of the National Literacy Commission (CONALFA) has been noteworthy, but it still falls short of the annual targets set in the Peace Agreements because the Commission's budget is inadequate. In 1997, the amount of money actually spent in the education sector was below the target set in the Peace Agreements, even though the budget for the sector had been significantly increased.

56. In view of the foregoing, the Mission makes the following recommendations: (a) speed up the modernization of the Ministry of Education with a view to decentralizing its services; (b) expand the coverage and funding of PRONADE and add a bilingual and intercultural component; (c) give more decisive support to DIGEBI; (d) give priority to and speed up the implementation of the civic education programme; and (e) increase funding for CONALFA. In addition, it acknowledges the high quality of the educational reform document produced by the Joint Commission on Educational Reform and recommends that it begin to be implemented as soon as possible.

57. Ministry of Health policy for increasing health care coverage focused on implementing the Integrated Health Care System (SIAS). In general, the system was well received and by June 1998 covered some 1.5 million people. However, the Ministry's demand that non-governmental organizations provide all primary health care services and that they report to it on their activities made some of these organizations reluctant to take part in the system, especially in areas where the population is scattered and isolated. The areas with the lowest SIAS coverage are thus precisely those areas where health care has traditionally been most lacking, such as the northern part of the departments of Huehuetenango and El Quiché. Although SIAS is being implemented in a way which involves the community and its political and social leaders, after decades of exclusion, it is important to mention that the efficacy of the system depends on proper coordination with the second level of care, the health centres, which is not yet fully in place to handle SIAS referrals.

58. There is serious concern at the inadequate level of vaccination coverage, which has resulted in outbreaks such as the whooping cough outbreaks in several traditionally isolated areas of the country. Likewise, the mounting number of people who have not been vaccinated against measles increases the risk of a possible epidemic in the future. The Programme of Access to Medicines (PROAM) is respecting the letter and spirit of the Peace Agreements as regards transparency of purchasing, quality and prices, but people's access to the Programme still needs to be increased. Accordingly, the Mission makes the following recommendations: (a) build on the progress made and expand coverage, as part of a comprehensive health policy, to be developed over the long term, in which priority will be

given to combating the factors which contribute to disease, particularly malnutrition and lack of basic sanitation; (b) speed up the welcome reduction in maternal and infant mortality and morbidity rates by making health policies comprehensive, rather than sectoral as they are at present; (c) expand SIAS coverage in the areas most affected by the armed conflict; (d) improve the referral system, especially health centres; (e) make the agreements signed with local non-governmental organizations more flexible; (f) expand the network of popular pharmacies to broaden the scope of PROAM; and (g) strengthen the system of health statistics.

59. In the housing sector, the Mission is concerned that only a small proportion of the budget assigned to housing has been spent. Although it is the policy of the Guatemalan Housing Fund (FOGUAVI) to award at least half its housing subsidies to the rural population, this has yet to be done, largely because of a lack of outreach. The main promoters of this programme are construction companies and companies which prepare lots for building, and their profit margins often put prices beyond poor people's reach. It is important to recall the commitment made by the Government in the Agreement to give priority, in State action, to the neediest sectors of society and the most deprived areas of the country.

60. With regard to the legalization of urban squatter settlements, most of which are located in the capital city and for which the social component of FOGUAVI is responsible, progress has been inadequate, partly because other bodies involved in this process are dragging their feet. In addition to the work being done by FOGUAVI, there is the *Techo y Piso* programme, funded by the National Peace Fund (FONAPAZ).

61. Given the difficulties faced by poorer people in gaining access to the FOGUAVI housing programme, it is recommended that the Fund redirect its activities towards this sector of the population, expand them and expedite the launching of a special component whereby families who cannot raise the 4,000 quetzals (US$ 635) needed to qualify for a State subsidy can earn sweat equity through mutual aid systems. It is also recommended that the current process of legalization of squatter settlements on State and municipal land be expedited.

Labour policy

62. The official policy of the Ministry of Labour and Social Security embodies several of the labour principles set forth in the Peace Agreements: creation of fairly paid jobs, reorientation of labour relations towards consultation and collective bargaining, the necessary changes in labour legislation to promote the enforcement of labour law, decentralization and expansion of labour inspection services and special attention to women's employment.

63. The efforts made to streamline dispute settlement and labour justice proceedings have been noteworthy and include the setting up of eight new labour courts and two courts of appeal, the recent amendment of the Labour Code to expedite legal proceedings and the establishment of the tripartite commission on international affairs provided for in ILO Convention No. 144. Nevertheless, these efforts have yet to succeed in conveying to workers and employers the necessity and usefulness of dialogue and consensus as tools for settling differences and disputes. The Mission believes that this is due, *inter alia*, to the difficulties facing the genuine exercise and protection of the right to organize, especially for workers who are in the process of unionizing. Since the beginning of the year, MINUGUA has received numerous complaints on this score, especially from agricultural workers. In some cases, even when there has been a court order to reinstate workers, the latter have not been adequately protected. The situation of workers in Guatemala is doubly precarious: not only is there profound economic inequality, but trade unions were one of the sectors most seriously hit by the armed conflict. This makes it particularly necessary to strengthen the State, and the Ministry of Labour in particular, so that they can fulfil their constitutional mandate of protecting labour rights.

64. The purpose of decentralizing the Ministry of Labour is to provide regional offices with more human and material resources. These offices will be able to provide not only labour inspection services but also labour relations and social security programmes and a public employment service. In establishing the School for Labour Mediation and Conciliation, the Ministry demonstrated its interest in training its staff in such matters. However, at least three factors are preventing the effective implementation of the decentralization process: (a) a lack of human and material resources, including office equipment, means of transport, staff in general and qualified staff in particular; (b) excessive centralism in decision-making and in the management and administration of financial and material resources; and (c) lack of progress in amending labour legislation to increase the Ministry's power to impose penalties.

65. If the decentralization process is to continue, its budget will have to be increased substantially and it will have to be implemented efficiently. Oversight functions must be redefined within the framework of plans with predetermined goals which seek to give priority to assisting the most vulnerable groups of workers, such as women, children and agricultural workers. With regard to agricultural workers,

special attention must be given to payment of the minimum wage, the exercise of their collective rights and their working conditions in general. Official inspections, educational work and the involvement of workers and employers in ensuring compliance with labour law must all play a more important role.

66. The obstacles encountered in developing collective bargaining in Guatemala demand an appropriate Government policy. The measures taken to promote complete freedom of association and to simplify the adoption of collective agreements are positive and should continue. However, a planned policy needs to be developed which includes measures to ensure respect for the right to organize and a major, properly funded, educational effort to promote the use of negotiation to settle labour disputes.

67. In the area of vocational training, progress must be made in the drafting of legislation to provide a national conceptual framework for technical and vocational training. Such legislation will have to make sure that training and retraining activities are directed and coordinated in such a way that proper attention is paid to the various social sectors which require such training in order to enter the labour market.

F. Agreement on the Strengthening of Civilian Power and the Role of the Armed Forces in a Democratic Society

68. The main object of this Agreement (A/51/410-S/1996/853, annex) is the strengthening of civilian power, to be achieved, *inter alia*, through the expression of the public will by means of the exercise of political rights, the strengthening of the role of the legislative branch, the reform of the administration of justice and the enjoyment of public security, as a basis for the functioning of democratic institutions. In this context, the Agreement redefines the essential role of the Guatemalan armed forces as being to defend the country's national sovereignty and territorial integrity.

69. In the first seven months of 1998, some of the commitments on the justice system and public security were implemented, while others, such as those on the establishment of the Advisory Council on Security and the promotion of the law on the possession and bearing of arms and the Civic Service Act, which were rescheduled to the first quarter of 1998 by the Follow-up Commission, remain to be implemented.

Administration of justice

70. In a context of high crime rates and lack of public security, efforts to overhaul the system of justice continued. The most progress has been made in relation to the Commission on the Strengthening of the Justice System, the plan for the modernization of the judiciary and the coordinating body for the modernization of the justice sector. By contrast, the slow and uncertain process of constitutional reforms is cause for concern, since important changes in the legislation governing the country's justice system are contingent on such reforms.

71. The Commission on the Strengthening of the Justice System concluded its work in April and published a report, entitled "A new justice for peace", which takes a creditable approach to analysing the whole issue of the justice system and its institutions. The Commission's work covered such issues as access to the system of justice, law-school training for the system's operators, corruption and social violence. The report's proposals provide a comprehensive, detailed framework for discussion which should permit substantial progress in dealing with the issue, provided that they are in fact incorporated into the institutional agenda of the justice sector. Commission members have an important role to play in this regard.

72. The plan for the modernization of the judiciary, drawn up in 1997, is now being implemented. It is being funded mainly with its own resources, while credits are sought from multilateral institutions and donations from international cooperation agencies. The most visible and immediate effect of the plan's implementation is the creation of courts of the peace and higher-ranking courts in various places in the country's interior.

73. The coordinating body for the modernization of the justice sector, set up in 1997, began its activities and appointed its executive secretary. Its technical board, made up of the planning directors of the judiciary, the Public Prosecutor's Office and the Ministry of the Interior, focused its efforts on integrating the modernization plans of the three institutions and coordinating some lines of joint work for immediate implementation. The prison system is one priority area in which proposals are to be submitted for solving the serious problems identified.

74. In December 1997, the Act establishing the Public Defender's Office in Criminal Matters was adopted, but no resources were provided to ensure that the Office is functionally autonomous and independent of the three branches of government. The Act entered into force on 13 July, but the failure to provide resources for the Office has

forced the Supreme Court of Justice to take charge of funding its budget until December 1998.

75. On the whole, the reform of the justice sector is moving slowly, partly because of the constraints imposed by the existing constitutional framework and the uncertainty surrounding the constitutional reform process, and partly because of institutional resistance to change. The Mission reiterates that the coordinating body for the modernization of the justice sector has an important role to play in overcoming such resistance.

Public security

76. The lack of public security at a time when the police force is being restructured remains one of the greatest concerns of Guatemala's population. The many incidents of violence during the period under review show that there are still inadequate guarantees for the enjoyment of fundamental rights such as the right to life and illustrate the challenges facing the State's new internal security apparatus. These circumstances are causing widespread demands for a prompt, effective response on the part of the new National Civil Police (PNC), which thus far has been deployed in only five of the country's 22 departments: Guatemala City, Escuintla, El Quiché, Petén and Quetzaltenango.

77. The expectations which the PNC presence is arousing among the general public and the enthusiasm with which it has been received make it even more necessary to ensure that the police force is effectively deployed. In this connection, the Mission has observed that units which have been deployed continue to face serious material and logistical constraints which are undermining the effectiveness that is expected of the new police force and which may tarnish its positive public image. Despite the welcome increase in funding for the new force in the 1998 budget, as provided for in the Agreement, lack of modern administrative structures and inefficient administration of public resources are preventing it from being put to optimum use.

78. Another of the difficulties observed in the PNC deployment process is the ongoing training needs of police personnel in the field. These needs reveal the weaknesses, already reported by the Mission, of the training phase (see A/52/757, para. 63). This makes it advisable to amend the police training regime, especially as regards the duration of Police Academy courses, to ensure and enhance the quality of the instruction given to new police members. The poor quality of the training imparted to staff assigned to criminal investigation tasks is particular cause for concern and, combined with a lack of supplies, is a major constraint on police capacity to meet the requirements of the administration of justice. Accordingly, in order to strengthen the State's capacity and duty to investigate the most serious crimes, the specialized courses provided for in the PNC training regime must begin as soon as possible.

79. The Police Academy, for its part, continued the retraining of former members of the National Police and Treasury Guard and the training of new police recruits. By June, 6,095 National Civil Police members had graduated from the Academy. In this connection, the Mission conveyed to the Ministry of the Interior its objection to the fact that 40 former members of the armed forces, including 22 former sergeants of the Presidential General Staff, were admitted, against the rules, to the training courses that began in March and were able to shield behind them. The soldiers were admitted directly to the courses although there is no provision for this in the rules. The graduation of former soldiers as PNC officers, which took place in June over the Mission's express recommendation to the contrary, is a flagrant breach of the Government's commitments. Accordingly, the Mission reiterates that access to retraining courses must be limited to individuals who, on the date of the signing of the Agreement, were members of the National Police or the Treasury Guard.

80. The deployment, towards the end of February, of police belonging to the Ixil ethnic group in the towns of Nebaj, Chajul and Cotzal, in the department of El Quiché, constitutes a development without precedent in the history of the police force in Guatemala and has met with a favourable reception on the part of the communities. However, it should be pointed out that there does not appear to be an institutional policy to permit the gradual but sustained integration of members of the various ethnic groups into the police force. For one thing, the timetable for PNC coverage envisages the deployment of retrained police in departments where the indigenous population is in the majority, which is not consistent with the commitment to reflect the multi-ethnic character of Guatemala in the deployment process.

81. Another factor which does not make for a pluralist selection process is the failure properly to publicize courses for new police recruits. During the basic courses, the number of applicants interviewed was not even twice the number of places available, making it difficult to improve the quality of future police officers and limiting the possibilities of incorporating many sectors of the population into PNC.

82. In addition to deploying territorial PNC units, the Ministry of the Interior promoted the establishment of local safety boards to create a forum for discussion and participation concerning security problems affecting the

community. The Mission considers that, while this initiative is consistent with the spirit of the Agreements in that it encourages social participation in the implementation of the new security agenda, the boards' functioning and powers must be regulated so that they are an effective forum for participation.

83. The failure to implement the commitment to establish the Advisory Council on Security – which had already been rescheduled – is cause for concern. This body, which has an important role to play in future security policies, should be an important vehicle for participation on an issue on which achieving broad consensus is a matter of priority.

84. The preliminary arms and munitions bill submitted by the Ministry of the Interior to the Follow-up Commission has been reviewed and analysed by the technical group made up of a representative of the Government, URNG and MINUGUA. The comments and suggestions made by the Commission to the executive branch should facilitate speedy revision of the bill and its official submission to the Follow-up Commission.

Information and intelligence

85. The commitments concerning the establishment of a Civil Intelligence Department and the ratification of laws providing for parliamentary oversight of intelligence bodies, regulating the classification and declassification of information relating to national security and characterizing the crime of maintaining illegal files and records were rescheduled to the second half of 1998 by the Follow-up Commission. However, since the constitutional reform has been delayed, they will probably be rescheduled again; the package of reforms relating to intelligence bodies must be preceded by the amendment of article 244 of the Constitution which states that the armed forces are responsible for both external and internal security. It is, however, important to proceed with the various elements of the reform so as to ensure that it is swiftly implemented once the constitutional amendments have been adopted.

86. Thus far, the only commitment that has been implemented in this area is the establishment of the Strategic Analysis Secretariat, but there is still no law regulating the latter's functions and tasks. The Follow-up Commission agreed to review such legislation in conjunction with the other legislative reforms relating to intelligence bodies. Meanwhile, MINUGUA is verifying whether the Secretariat is maintaining its strictly civilian character, as required by the Peace Agreements and the new Organic Law governing the executive branch.

Armed forces

87. The commitments relating to the armed forces, which were rescheduled to the first half of 1998, include the promulgation of the Civic Service Act. The redeployment of military units on the basis of external security needs has been rescheduled to the second half of the year.

88. The Civic Service Act, after being reviewed by the Follow-up Commission, was submitted to the General Secretariat of the Office of the President, but it has yet to be submitted to Congress. Given that this commitment had been rescheduled to the first quarter of 1998, the Mission views its non-implementation with concern.

89. The Mission has been verifying the commitment to reduce the troop strength of the armed forces since January 1998, on the basis of the final version of the manning and equipment table, approved at the end of 1997 at 31,423 men. Thus far, 14 military zones, three air bases, two naval bases, three brigades and 7 units, totalling 25,227 troops – that is to say, 80.28 per cent of the existing strength – have been verified. These results are compatible with the commitment to reduce troop strength by 33 per cent. This verification is purely quantitative; later on, it will be necessary to conduct a comparison between armed forces staffing levels and the distribution of budgetary credits to the armed forces.

90. With regard to the commitment to reintegrate demobilized members of the armed forces, various training programmes have been instituted which were open to former members of the Mobile Military Police (A/51/757, para. 71). The programmes, which are scheduled to end in the second half of 1998, were well attended. Now it will be necessary to verify to what extent those who benefited from the programmes are actually being incorporated into the labour force and into production and what advice they are being given about support programmes or other benefits which will help them to enter the labour market.

91. With regard to the reorganization and deployment of military forces, the only measure that has been noted is that four military zones were taken out of operation during 1997. Implementation of this commitment has been rescheduled to the second half of the year, subject to the adoption of the constitutional reforms. Only when these reforms have been adopted will it be possible to prepare the legislation outlining the armed forces' new role.

Legislative branch

92. As for the commitments concerning the legislative branch, no progress has been made in the discussion of the issues dealt with by the Technical and Legislative Support

Committee of the Congress, set up as a multi-party forum for enhancing, modernizing and strengthening the legislative branch. Moreover, the bill on the rules of procedure of the legislative branch has yet to be submitted to the plenary Congress.

G. Agreement on Constitutional Reforms and the Electoral Regime

Constitutional amendments

93. The adoption of constitutional amendments has become the central short-term aim of the peace process. Amendment of the legislation concerning the armed forces and the intelligence bodies will remain stalled until the constitutional articles defining the role of the armed forces have been amended. The same difficulties are being encountered in connection with the professionalization of the judiciary. Unfortunately, consideration of this issue at the level of the political parties represented in Congress, which had seemed promising in 1997, did not result in a consensus text, which would have expedited passage of the amendments in Congress. In May 1998, the executive branch submitted its own draft to Congress; after being favourably received by the Congressional Committee on Constitutional Reforms, the text was adopted in the first two readings and is expected to be discussed in final reading in August. Paradoxically, the amendments proposed in the Agreements are not being questioned. The differences stem from the perception that several parties – but also the judiciary and indigenous organizations – have that, since the Constitution is being amended, they should take advantage of the opportunity and make other important changes. Understandably, this broad agenda has given rise to disagreements and these, in some cases, have affected relations among the parties. Thus far, no real agreement has been reached and, as a result, the reform process is being jeopardized. The situation is further complicated by the fact that the election campaign for the next general elections will begin in early 1999 and that the referendum to endorse the adoption by Congress of the constitutional reforms is supposed to be held in 1998. Political parties and concerned sectors of society are urged to do their utmost to promote consensus on the constitutional reform. National and international confidence in the peace process will depend in large measure on the success of their efforts.

Electoral system

94. The Electoral Reform Commission, which was set up, at the request of the parties, by the Supreme Electoral Tribunal, completed its work and issued a report entitled "Guatemala, peace and democracy". The document contains a series of recommendations directed at the Tribunal, political parties, Congress and the universities. One recommendation worth mentioning is the recommendation that the proposed amendments to the Elections and Political Parties Act prepared by the Commission should be presented as a bill, and attention was drawn to the urgent need for the amendments to be adopted before the next elections. Accordingly the Tribunal recently submitted the bill to Congress. All political parties, particularly the Government party which signed the Peace Agreements, are urged to expedite adoption of the bill, on which broad agreement has already been reached within the Electoral Reform Commission, since its adoption will strengthen and lend transparency to the electoral process.

H. Agreement on the Basis for the Legal Integration of the Unidad Revolucionaria Nacional Guatemalteca

95. During the period covered by this report, the integration process has made considerable progress, thanks to the combined efforts made within the Special Integration Commission. Notwithstanding this progress, on 3 May the Commission asked the Follow-up Commission for a six-month extension in order to complete its task and assist in the strengthening of the Guillermo Toriello Foundation, which recently opened six regional offices to enhance accessibility to and coordination with former combatants.

96. The demobilized combatants who were staying in temporary hostels – who were considered the most vulnerable group – have moved to properties acquired with the help of the Land Trust Fund. There, they are receiving support through various projects, including a housing construction project, from the European Union Humanitarian Office, FOGUAVI and Spanish bilateral cooperation. There are also production projects, which are part of the projects to support reintegration financed by the European Union. The distribution of packages of inputs for production activities to demobilized combatants scattered among various communities has been completed.

97. At the same time, all demobilized combatants, together with members of the communities where they have settled, have successfully completed a remedial subprogramme

implemented jointly by the Organization of American States and the Guillermo Toriello Foundation, with support from UNDP and USAID. In addition, a small group of demobilized combatants are benefiting from a subprogramme of training and financing for micro-enterprise management, with support from UNDP and USAID.

98. However, not all the subprogrammes, particularly those for demobilized combatants scattered throughout the country, have been designed or launched. With regard to integration in production, some members of the dispersed population will benefit from a European Union community projects subprogramme, which is scheduled to start during the last three months of 1998. The subprogramme of production projects for demobilized combatants living in areas with uprooted population groups will have to be implemented in close coordination with CTEAR (see para. 12).

99. Other subprogrammes, such as the ones offering legal advice and providing production projects for members of the internal and international political structure of URNG, have yet to receive the funding needed to launch them. Still others, such as the employment training one, have still to be completed. The subprogramme for disabled combatants is still at the study phase.

100. MINUGUA views the decision of the Follow-up Commission to extend the mandate of the Special Integration Commission (CEI) as a sign of the importance that is attached to full compliance with the commitments on the integration of URNG. In view of that extension, it is hoped that CEI will take the political and financial decisions needed to complete the process successfully. It is also hoped that, by the time the new mandate ends, all the subprogrammes planned for the initial integration phase will have been launched and all aspects of the definitive integration phase will have been guaranteed.

101. As to the commitment regarding the security of URNG members, few incidents have occurred in circumstances which might suggest a political motive. The fact that relatively few demobilized combatants have been charged with committing crimes and that there is no sign of the emergence of armed, politically motivated groups made up of demobilized URNG members can also be considered an indication of the success of the process.

102. The establishment of URNG as a political party deserves special attention. Although the Supreme Electoral Tribunal has been cooperating fully, URNG has yet to complete its legalization process. Entry of the former insurgents to the lawful political life of the country is essential to the consolidation of the peace process.

III. Observations

103. The results of verification reveal that the situation is uneven. In this third phase of the implementation timetable, there has been progress consistent with the objectives of the Peace Agreements in several areas. In particular, the restructuring that began in 1996 and 1997 in the social sector has begun to bear fruit in terms of increased coverage. Given the magnitude of the shortfall in social services and physical infrastructure in the country's interior these improvements seem – and are – limited as yet. However, they are a positive sign. Maintaining this effort is the key to achieving the social objectives of the Agreements and to altering the feelings of abandonment by and distrust for the State which are found in much of the rural population.

104. Citizens' participation has also been strengthened, at both the local and the national level. As was pointed out in the previous report, this opening towards participation by traditionally marginalized sectors of the population is a promising feature of the peace process in Guatemala. There are many difficulties to be contended with and a special tribute must be paid both to the State authorities, particularly SEPAZ, the Ministry of Agriculture and other offices dealing with land issues, and to the indigenous and peasant organizations which were responsible for the success of several unprecedented experiments with consultation. This willingness to put one's faith in negotiation and conciliation on such sensitive issues as inter-ethnic relations and access to land reflects a desire for change which, we hope, will grow stronger and extend to other areas – such as labour relations – that have traditionally been marked by confrontation.

105. With regard to public security, the complex process of training and deploying the new National Civil Police is continuing, amidst difficulties to which MINUGUA has drawn attention on several occasions. For all its imperfections, this reform continues to be, together with the modernization of the entire justice sector, a central component of the peace process. The professionalization of the police force and the inclusion of greater numbers of indigenous people in that force are vital to the improvement of public security and the renewal of the relationship between the State and its citizens.

106. Notwithstanding this progress, there has been a noticeable slowing down of the peace process since the beginning of 1998, compared with the previous year. The assassination of Monsignor Gerardi (see A/52/946, para. 10), which has yet to be cleared up, has caused many Guatemalans to wonder whether impunity can be overcome

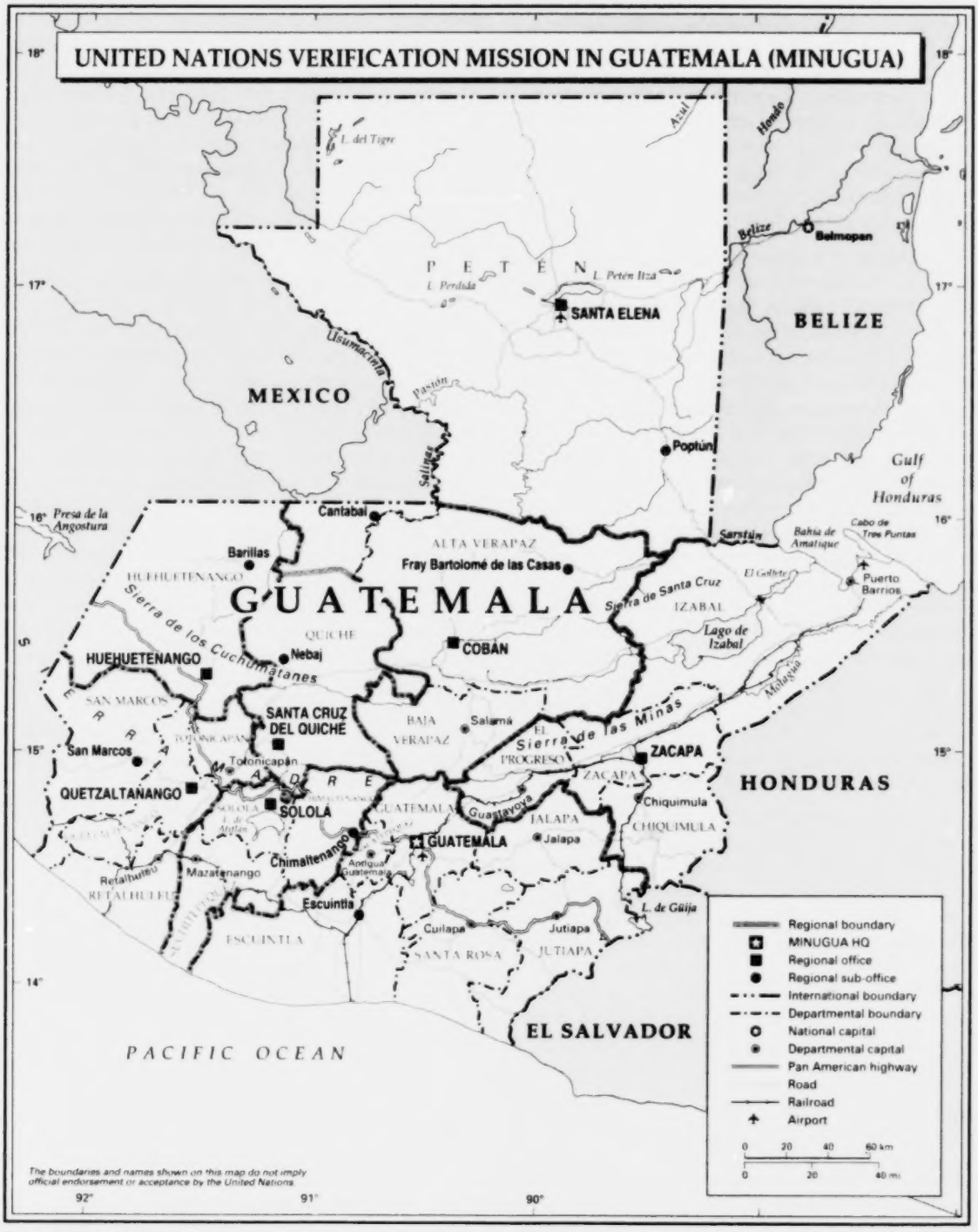
and justice be made to prevail in the short term. This feeling is due not only to that incident but also, in large measure, to the uncertainty that has hung, and continues to hang, over the key issues of fiscal and constitutional reform. With regard to fiscal reform, the concerns and conclusions set forth repeatedly in previous reports continue to be valid: achievement of the fiscal goals of the Peace Agreements is vital to establishing the financial base for the country's social development and to strengthening the institutions of a State governed by the rule of law.

107. The setback that occurred in February 1998 with the rejection of the new Act on the Alcoholic and Other Beverages Sales Tax, and the deep-seated resistance that the tax issue continues to arouse among sectors of the population that have traditionally opposed any increase in the tax burden, have underscored the political obstacles that stand in the way of achieving the modest taxation targets set forth in the Agreements. To put it in broader terms, they have demonstrated that implementing the Peace Agreements means not only overcoming resistance to change on the part of sectors of the population who are anxious to protect their privileges, but also making a considerable effort to explain and raise the consciousness of the population as a whole. Thus, the first seven months of 1998 have revealed the true magnitude of the challenges involved in implementing a peace agenda which seeks to change the course of history in Guatemala. They have also confirmed that the signing of the Peace Agreements did not mean that all the contradictions of Guatemalan society had been resolved, but simply marked the beginning of a new stage in the lengthy process of national development and reconciliation to bridge social, economic, political and ethnic divisions.

108. It is in this context that the parties believe that, with the campaign for the 1999 general elections drawing near, it may prove difficult to forge a national consensus on the major issues of the peace agenda, and that they have pledged to make a special effort to achieve the taxation targets and constitutional reform in the next few months. Accordingly, the Government is again urged to take steps in the short term, in accordance with this pledge, to implement tax measures that will ensure a sustained increase in State resources on the basis of equity, and measures to forge a new fiscal culture in the country. This appeal is also directed at the political parties and at the social and economic leadership of the country, who bear responsibility for ensuring that the fiscal reform is viable.

109. Adoption of the constitutional reforms outlined in the Peace Agreements is probably the most important short-term objective of the peace process. As was pointed out earlier, several substantive changes to the legislation governing the armed forces and intelligence bodies have had to be postponed pending the amendment of the Constitution. Modernization of the judiciary is also dependent on that reform. Constitutional recognition of the identity and rights of indigenous peoples, which is part of the reform, will help to end centuries of exclusion and to give legitimacy to ongoing efforts to redefine social coexistence in Guatemala. The achievement of constitutional reform is a test of the Government's political will and abilities but also of the desire for change on the part of political parties and leaders of the country's social, economic and intellectual sectors.

110. As I stated during my visit to Guatemala in July 1998, the United Nations has continued to monitor the implementation of the Peace Agreements in this third phase of the timetable and remains deeply committed to the peace agenda. Not only was this agenda the platform which helped put an end to the armed conflict between the Government and URNG, but it also reflects the longing of the Guatemalan people to place social coexistence on a new basis, one that provides greater political, economic, social and cultural equity and ensures that the State is dedicated to achieving these goals. During the last few months, we have seen the positive effects which the peace process has already had on Guatemalan society, and have measured how far we have yet to go in order for the peace agenda to become a truly national project. The commitment of the Government and URNG to full implementation of the Peace Agreements continues to be the key factor. The solidarity of the international community with this effort also remains an important factor. In this context, MINUGUA will continue, within the terms of its mandate, to do everything within its power to contribute to this process.



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